



Avista Corp.

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February 26, 2015

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise, ID 83720-0074

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IDAHO PUBLIC
UTILITIES COMMISSION

Re: Avista Application No. AVU-E-15-01

Dear Ms. Jewell:

Avista Corporation, doing business as Avista Utilities respectfully submits for filing with the Commission an original and seven (7) copies of the Company's petition and supporting testimony requesting that the Commission issue an Order modifying the terms and conditions by which Avista must purchase the output from Qualifying Facilities pursuant to PURPA.

Please direct any questions on this matter to Michael Andrea, Sr. Counsel at (509) 495-2564.

Sincerely,

A handwritten signature in cursive script, reading "Linda Gervais", is written in black ink over the typed name.

Linda Gervais
Manager, Regulatory Policy
Avista Utilities
509-495-4975
linda.gervais@avistacorp.com

Enclosures

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Attorney for Avista Corporation

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)
CORPORATION'S PETITION TO MODIFY) **CASE NO. AVU-E-15-01**
TERMS AND CONDITIONS OF)
PROSPECTIVE PURPA AGREEMENTS)
_____)

Pursuant to IPUC Rule of Procedure 56, Avista Corporation ("Avista") hereby petitions the Idaho Public Utilities Commission ("Commission") to issue an order modifying the terms and conditions by which Avista must purchase the output from Qualifying Facilities ("QF") pursuant to sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 ("PURPA"). Specifically, Avista requests that the Commission modify the terms and conditions by which Avista must purchase output from QFs under PURPA to afford Avista any interim and final relief that the Commission provides to other utilities that are subject to PURPA in the State of Idaho, including the interim relief that the Commission provided to Idaho Power Company ("Idaho Power") in Order No. 33222.

Avista's Petition to Modify Terms and Conditions of Prospective PURPA Agreements ("Petition") is supported by the direct testimony of Clint Kalich, which is attached hereto as Attachment A.

BACKGROUND

On January 30, 2015, Idaho Power filed its petition ("IPC Petition") to modify terms and conditions of prospective PURPA energy sales agreements in IPUC Case No. IPC-E-15-01. Specifically, Idaho Power seeks to reduce the maximum required for prospective PURPA agreements from 20 years to two years. IPC Petition at 2, 5, 27-37. Idaho Power further indicated that there may be several issues related to the Commission's implementation of PURPA that warrant additional examination and possible revision, including the avoided cost pricing methodologies, exemption from PURPA under section 210, part M, Commission pursuit of waiver from the requirements of section 210, subpart C pursuant to 18 C.F.R. § 292.402, and establishment of caps, or MW targets, upon the amount of new or repowered projects a utility is required to procure over a given period of time. IPC Petition at 4-5. Accordingly, IPC requested that the Commission issue an order directing that the maximum required term for any Idaho Power PURPA energy sales agreement be reduced from 20 years to two years and that the Commission direct any other relief it deems appropriate and in the public interest. IPC Petition at 36-37.

On February 6, 2015, the Commission issued Order No. 33222 in IPC-E-15-01. In Order No. 33222, the Commission found that the IPC Petition presented issues requiring further proceedings. Order No. 33222 at 4. The Commission further found that "there is sufficient evidence that the predicted influx of high-capacity PURPA contracts

could significantly and detrimentally impact customer rates and system reliability before this matter is fully resolved” and, therefore, “action pending resolution of this matter is warranted.” Order No. 33222 at 4. Accordingly, the Commission ordered that, effective February 5, 2015, and pending further order of the Commission, “the maximum contractual term for Idaho Power’s new PURPA contracts shall be five years.” Order No. 33222 at 6. Order No. 33222 appears to only provide such interim relief to Idaho Power.

**AVISTA’S INTEREST AND FACTS IN SUPPORT OF AVISTA’S
PETITION FOR AN ORDER PROVIDING AVISTA ANY INTERIM
AND FINAL RELIEF PROVIDED TO OTHER UTILITIES SUBJECT
TO PURPA IN THE STATE OF IDAHO**

Avista is a utility engaged in, among other things, the business of generating, transmitting, and distributing electric power to wholesale and retail customers in the State of Idaho. Accordingly, Avista is subject to PURPA in the State of Idaho.

As discussed above, the Commission has ordered interim relief for Idaho Power by ordering that, “effective February 5, 2015, and pending further order of the Commission, the maximum contractual term for Idaho Power’s new PURPA contracts shall be five years.” Order No. 33222. This interim relief does not appear to apply to any other utility that is subject to PURPA in the State of Idaho, including Avista.

As explained in the direct testimony of Clint Kalich, which is attached hereto as Attachment A, PURPA developers that previously planned to sell the output from their QFs to Idaho Power may seek to sell such output to Avista. Thus, as a direct result of the Commission’s action affording one utility interim relief, Avista could be required to enter into a significant number of PURPA contracts. The Commission’s grant of interim relief for Idaho Power without providing similar relief to other utilities subject to PURPA in the State of Idaho may move the problem from Idaho Power to those other utilities, including

Avista. To prevent a rush to Avista's door, and the inevitable associated grandfathering issues, Avista requests immediate Commission action ordering that the maximum required contractual term for Avista's new PURPA contracts shall, pending further order of the Commission, be five years.

In Order No. 33222, the Commission found that additional formal proceedings are necessary. Idaho Power has indicated that it may raise several PURPA issues that may impact Avista, including among other things, revisions to the avoided cost pricing methodologies, exemption from PURPA under section 210, part M, Commission pursuit of waiver from the requirements of section 210, subpart C pursuant to 18 C.F.R. § 292.402, and establishment of caps, or MW targets, upon the amount of new or repowered projects a utility is required to procure over a given period of time. IPC Petition at 4-5. As explained by Mr. Kalich, PURPA developers are sophisticated and are motivated to identify and obtain PURPA contracts that are the most favorable to them. If the Commission grants one utility relief, but does not grant the same or similar relief to other utilities subject to PURPA in the State of Idaho, PURPA developers will seek out the utility that is required to enter into the PURPA contract that is most favorable to the developers. Therefore, to the extent that any further interim or final relief regarding PURPA obligations is considered or granted in IPC-E-15-01 (or any other related proceeding), Avista requests that the Commission simultaneously determine whether any similar interim or final relief regarding PURPA obligations should be provided to Avista.

Avista respectfully requests that the Commission immediately grant Avista the interim relief provided to Idaho Power in Order No. 33222 issued IPC-E-15-01. Avista further requests that, to the extent that the Commission considers or provides any

additional interim or final relief regarding PURPA obligations to any other utility, that the Commission simultaneously consider whether the same or similar interim or final relief should be provided to Avista.

SERVICE AND COMMUNICATIONS

The following persons should be included on the official service list in this proceeding, and should be served with all communications concerning this proceeding:

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PRAYER FOR RELIEF

WHEREFORE, based on the foregoing, Avista hereby respectfully requests:

1. That the Commission immediately issue an order directing that the maximum required term for any Avista PURPA agreement be reduced from 20 years to five years consistent with the relief granted to Idaho Power in Order No. 33222; and
2. To the extent that the Commission considers or provides any additional interim or final relief regarding PURPA obligations to any other utility, that the Commission simultaneously consider whether the same or similar interim or final relief should be provided to Avista; and

3. That the Commission direct any other relief for Avista deemed appropriate and in the public interest.

Respectfully submitted this 20th day of February, 2015.

AVISTA CORPORATION

Michael G. Andrea

Michael G. Andrea
Senior Counsel

02/11/15